

Message Text

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67

ACTION AF-06

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-15 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FEA-01 /100 W

----- 074491

R 101232Z MAR 76

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 8275

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY ADDIS ABABA

AMEMBASSY MOGADISCIO

AMEMBASSY KHARTOUM

AMEMBASSY LUSAKA

AMEMBASSY BUJUMBURA

AMEMBASSY KIGALI

UNCLAS NAIROBI 2390

E.O. 11652: N/A

TAGS: ECON, ENRG

SUBJECT: PETROLEUM PRICE INCREASES

REF NAIROBI 10639

1. GOK ANNOUNCED NEW PRICE INCREASES FOR MOTOR FUEL, ILLUMINATING KEROSENE, AUTOMOTIVE DIESEL AND INDUSTRIAL DIESEL FUELS TO TAKE EFFECT MARCH 10. AT-THE-PUMP PRICES IN NAIROBI REGULAR AND PREMIUM GASOLINE NOW 29 CENTS AND 31 CENTS PER LITER. DIESEL FUEL COSTS 20 CENTS PER LITER. MARCH HIKES REPRESENT 4 PERCENT INCREASE OVER PREVIOUS GASOLINE PRICES.

2. PRICES OF LIQUIFIED PETROLEUM GAS, FUEL OIL, AND BITUMER WERE UNTOUCHED.

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3. GOK JUSTIFIED PRICE INCREASE, FOURTH SINCE FEBRUARY 1975,

BY REFERRING TO OPEC'S OCTOBER 1975 INCREASE IN CRUDE
OIL PRICES AND DEVALUATION OF KENYAN SHILLING SAME MONTH.

4. COMMENT. COMBINED IMPACT OF OPEC'S 10 PERCENT PRICE
INCREASE AND 14 PERCENT SHILLING DEVALUATION CREATED
SERIOUS PROBLEMS FOR ALL OIL COMPANIES OPERATING IN
KENYA. GOK DECISION TO COMPENSATE FIRMS FOR HIGHER
IMPORT COSTS BY TWO-STAGE PRICE INCREASE OVER FIVE MONTH
PERIOD SOFTENED BLOW TO CONSUMERS BUT PROVED FINANCIALLY
DISABLING FOR DISTRIBUTORS. KENYA OIL COMPANY, FOR
EXAMPLE, ANNOUNCED A \$49,000 LOSS BETWEEN NOVEMBER 1 AND
DECEMBER 6 (DATE OF FIRST SELLING PRICE INCREASE).
MARSHALL

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NNN

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